



COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

SUMMARIZED MINUTES

January 10, 2013

4:00 p.m.

City Hall, Kiva Conference Room
3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

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- PRESENT:** Mayor W.J. "Jim" Lane
Vice Mayor Dennis Robbins
- ABSENT:** Councilwoman Linda Milhaven
- STAFF:** Derek Earle, Acting Director, Public Works
Cindi Eberhardt, Assistant Director, Economic Development
Lee Guillory, Finance Director
Kim Hanna, Economic Development Specialist
Paul Katsenes, Executive Director
Rob Millar, Strategic Programs Manager
Ben Moriarity, Downtown Business Specialist
Bill Peifer, Senior Project Manager
Bob Tunis, Economic Development Manager
Linda Walton, Economic Development Specialist
Kelly Ward, Senior Assistant City Attorney
Dan Worth, Acting City Manager
- GUESTS:** Donna Kent, Senior Vice President, Tallwave High Tide Program
Bob Hobbs, Jr., Partner, Tallwave

Call to Order/Roll Call

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 4:04 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

1. Approval of November 8, 2012 Minutes

VICE MAYOR ROBBINS MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2012 MEETING OF THE COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AS PRESENTED. MAYOR LANE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF TWO (2) TO ZERO (0). COUNCILWOMAN MILHAVEN WAS ABSENT.

2. Bond Update

Derek Earle, Acting Director of Public Works, provided an update on the latest meeting of the Bond Task Force. In July of 2012, City Council reinstated the Bond Task Force to focus on a potential bond program for 2013 based upon work done for a 2012 bond that never transpired. The Task Force re-evaluated projects and ranked them in order of importance, determining whether they should be included or excluded from the 2013 program. The current program is proposed at \$239.9 million, and is divided into four questions for potential City Council consideration. On February 12, the Bond Task Force will hold a joint work session with City Council to discuss their deliberations and provide an overview of the program. Public comments were received through a variety of sources including the Speak Up Scottsdale website. Staff intends to bring an action item to the City Council in March for a possible special election on November 5, 2013.

Mayor Lane inquired whether the trail project for the McDowell Sonoran Preserve was removed. Mr. Earle explained that it was removed from the list because trail projects are an eligible and qualified charge for the funds being collected for the Preserve. Mayor Lane queried whether court expansion costs could be paid for with user fees rather than taxpayer dollars, considering that 65% of those who use the court come from outside the community. Mr. Earle responded that the Task Force did not discuss alternative methods of financing. He said he would investigate the Court Expansion Master Plan to see whether it could generate sufficient funding to support the necessary enhancements.

Mayor Lane noted the substantial costs associated with narrow banding of the City's new public safety radio system as required by Department of Homeland Security mandates. Bill Peifer explained that Scottsdale is currently grouped with neighboring cities in a radio collective supported by the City of Phoenix. Phoenix has indicated that they will stop supporting the network in 2014. Much of the cost of the radio system upgrade is for equipment that will work universally within the network cluster.

Mayor Lane inquired about the new fire station compliance standards. Mr. Earle explained that the project would bring fire stations up to OSHA standards, and that the costs associated with compliance are the responsibility of local jurisdictions. Grants might be available to help pay for the enhancements. Mr. Peifer said that in addition to meeting OSHA requirements, the upgrades would provide each fire station with new generators and equipment to dispose of hazardous materials properly.

Mayor Lane inquired about the jail consolidation effort. Mr. Peifer explained that the Via Linda facility would be closed and all cells consolidated at the Justice Center. The plan is to eventually renovate Via Linda with a new fire station. Mayor Lane noted that the City used reallocated Community Development Block Grant (CDBG) funds to buy additional property for the Paiute Community Center. He asked whether the renovation project there was related to that purchase. Mr. Earle explained that the capital program is primarily intended to provide better user response, especially to accommodate a new NOAH clinic at Paiute Center.

Vice Mayor Robbins noted that the 2013 bond program is about \$80 million larger than the original 2012 program. He inquired about the Task Force's reasoning behind the larger bond, and asked why some high-ranking projects in 2013 did not even make the 2012 list. Mr. Peifer said that as the 2013 Bond Task Force got a better understanding

of projects, their prioritization ranking changed. Mr. Earle explained that the Task Force received a presentation from the City Treasurer who demonstrated how the accumulated depreciation of City assets continues to grow each year. Much of the 2013 bond program is reinvestment, and the Task Force recognized that the City's need would be even larger next year. Vice Mayor Robbins requested that the City Treasurer make the same presentation to City Council.

Mayor Lane inquired about the advanced funding for Loop 101 access improvements. Mr. Peifer responded that the money would cover an interest payment for the diversion diamond interchange, which otherwise would not become available through Arizona Department of Transportation (ADOT) until 2020. Mayor Lane felt that \$11 million was a lot to spend on a temporary fix. Mr. Earle responded that Maricopa Association of Governments (MAG) projects could be advanced by covering a portion of the bond interest. The City has accelerated several road projects this way throughout its history.

3. Tallwave's High Tide Program

Donna Kent, Senior Vice President of Tallwave Venture Management, said Tallwave is about stimulating economic development for the city, the region, and the state. Its goal is to become part of a greater ecosystem that expands the footprint of entrepreneurs and technology. Tallwave was founded in 2009 to couple very sound business practices with entrepreneurialism focused on technology and creativity. Innovation is the currency of today's economy, and small businesses matter because they represent the next generation of ideas. Tallwave wants to grow sustainable small businesses, and does so by sticking with the companies it funds and mentors through their early stages of development.

Ms. Kent noted that a key differential is how Tallwave sustains and grows companies quickly. Most companies come to market without doing a full assessment of their products, services or solutions. This is a high-risk method. Tallwave uses a lean set of clear business practices for sustainability, without making a high-risk investment in sales and marketing. This approach reduces the risk of loss, wasted money, and potential failure. Tallwave does not provide immediate funding for companies. Oftentimes the companies already have seed money. Tallwave helps them grow from the seedling stage to the point where they have a strong enough foundation to use investment money. Over the last three years, Tallwave has helped develop 40 companies.

Ms. Kent explained that High Tide was created to commercialize Tallwave by combining corporate and ecosystem partners with an attraction strategy for technology startups and private and investment money. High Tide events will occur twice a year. The first one, recently completed, attracted 90 applications. Most of the applications originated in Arizona, but it is important to include some companies from outside the state, because Tallwave wants to spread the word that Arizona is a place for entrepreneurs who want to grow their company.

Ms. Kent said the initial High Tide effort exceeded expectations in terms of the numbers and range of companies that applied. The evaluation period took three weeks. The field was narrowed to 20 companies. Those 20 companies will eventually be reduced to six finalists, which will go through the last three segments of acceleration. Sponsorships are

used to help drive additional support beyond what Tallwave provides, and there are multiple levels of sponsorship.

Ms. Kent said the City of Scottsdale's support for Tallwave has been extraordinary, and there are more opportunities for collaboration moving forward. Mayor Lane described Tallwave as a great addition to Scottsdale and the Valley, and expressed enthusiasm for what it brings to economic development in the region.

4. Economic Development Report

Linda Walton, Economic Development Specialist, provided an update on the American Express' Small Business Saturday initiative, which was held in Scottsdale for the second consecutive year in 2012. This season's effort was broadened to include businesses outside of the downtown area, including the merchants of Hilton Village and Gainey Ranch. Promotional efforts ranged from the Singing Cowboy to a dedicated Facebook page, where businesses could offer promotions and residents could discuss their favorite businesses. The Economic Development staff attended the North Scottsdale Chamber of Commerce Trade Show to help promote the initiative. A poster was developed internally and displayed at the City's libraries. On November 24 gift cards were distributed to shoppers. Channel 5 did a special feature in Scottsdale. Hilton Village had their own radio promotion effort. Upon conclusion of the initiative, staff provided feedback to American Express on how to make the event even better next year. American Express has indicated their intent to make Scottsdale a permanent part of the initiative in future years, which will allow staff to begin planning efforts earlier in the year.

Cindi Eberhardt, Economic Development Assistant Director, reported on the Hospitality Trolley. The private sector sponsorship program raised \$70,000, an amount that exceeds the initial target. The focus this year is on increasing ridership to enhance mobility for tourists and residents, while supporting the events that the City has invested in. The trolley rolled out on December 28. Once the trolley season concludes on March 30, staff will provide a report to City Council on the results. Mayor Lane inquired about the trolley's impact on Bus Route 72, noting that could cause the City's subsidy to increase. Rob Millar responded that the situation is being monitored, but that last year, ridership on Route 72 actually increased during trolley season.

Ms. Eberhardt reported that Scottsdale Public Art will be installing two temporary art installations in conjunction with Salt River Project's canal maintenance program on January 12. Past events have proven to be a draw for tourists and citizens.

The Scottsdale Historical Society produced a calendar using museum archive photographs. The Downtown Dining Guide has been distributed with the help of downtown area partners.

Ms. Eberhardt said Economic Development has been assisting with the Scottsdale Museum of the West project. Staff continues to negotiate with the organization, and February 26 has been tentatively scheduled for City Council action on the museum design/build contract, financial plan, and management agreement.

On February 12, City Council will have a work-study session on the five-year Tourism Strategic Plan for tourism development and marketing.

Mr. Tunis provided an overview of the upcoming Kelowna Scottsdale Business Council mission planned for January 16 through 20, in partnership with the Scottsdale Business Development Forum. Up to 20 delegates from Kelowna, British Columbia will attend, representing the healthcare, government, technology, and transportation sectors. A reception is planned on Wednesday evening.

Ms. Eberhardt reported a summary of new business prospects and expansions of existing businesses.

5. Open Call to the Public (A.R.S. §38-431.02)

None.

6. Future Agenda Items

The next Subcommittee meeting is scheduled for February 14, 2013.

Adjournment

With no further business before the Subcommittee, the meeting adjourned at 5:45 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.